

MEMO

To: Andrew Crabtree, Principal Planner
From: Doug Svensson, AICP
Date: March 2, 2010
Re: Alternate Sales Tax Capture Assumptions

In response to the discussion at the February 22, 2010 Envision San Jose 2040 Task Force meeting, I have prepared an alternate fiscal projection of the growth scenarios under the assumption that only 80% of the sales tax capture is achieved. This assumption is applied to all non-residential land uses, including office and R&D, as well as retail, although most of the sales tax is generated by retail businesses. The results of this alternate projection are shown in the table below along with the original projections provided in our report.

Overall, the reduction in sales tax has a significant effect on the outcome of the scenarios, with reductions in net revenue ranging from about \$20.5 million per year for Scenario 5 to about \$8 million for Scenario SJ2020, which turns negative as a result.

**NET FISCAL IMPACT OF GROWTH
SCENARIOS UNDER ALTERNATE
ASSUMPTIONS ABOUT SALES TAX
CAPTURE
(\$ MILLIONS)**

Scenario	100% Capture	80% Capture
SJ 2020	\$2.3	(\$6.2)
1	\$25.5	\$10.9
2	\$25.7	\$8.2
3	\$20.4	\$2.9
4	\$32.6	\$13.5
5	\$32.9	\$12.4

Source: ADE, Inc.

January 19, 2007

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I hope this information is helpful to the Task Force in its consideration of a preferred growth scenario. Please do not hesitate to call with any questions.